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Frank P. Prager
Assistant General Counsel

4653 Table Mountain Drive
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By Facsimile

January 15, 2004

**PUBLIC
DOCUMENT**

Carrie M. Daggett, Esq.
Sr. Assistant City Attorney
City of Fort Collins
P.O. Box 580
Fort Collins, Colorado 80521

Re: Poudre River Site, Fort Collins

Dear Ms. Daggett:

As you may know, during our Administrative Order on Consent ("AOC") negotiations with the U.S. Environmental Protection Agency ("EPA"), EPA requested that Public Service Company of Colorado ("PSCo") give certain assurances to the City of Fort Collins related to potential contribution actions associated with the Poudre River Site. In the interest of promoting continued cooperation with the City and EPA, I am writing to provide such assurance.

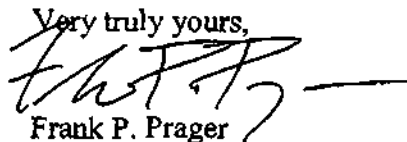
Specifically, I am writing to inform you that, based on our current understanding of the Poudre River Site as defined in the AOC, its condition and other factors, PSCo has determined that, for a period of six months from the date of this letter, the company will not initiate a contribution action related to the Site against the City of Fort Collins pursuant to Section 113 of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), as amended, 42 U.S.C. § 9613.

This assurance is provided only for this six-month period. It is based on currently available information associated with the Site. In the event that significant new information is developed during this six-month period, PSCo reserves the right to re-evaluate and, if necessary or appropriate, withdraw this assurance. By providing this assurance, PSCo does not waive any claims (including claims for contribution under CERCLA), causes of action or defenses otherwise available to it and does not admit any liability associated with or arising out of the Site. Of course, should the City bring a claim against PSCo, the above assurance shall not apply with respect to any defense, claim, counter-claim, or cause of action that PSCo may have against the City.

Carrie Daggett, Esq.
January 15, 2004
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Should you have any questions regarding this letter or any other issue, please do not hesitate to call.

Very truly yours,

A handwritten signature in black ink, appearing to read "F. P. Prager", followed by a horizontal line.

Frank P. Prager

cc: Matthew Cohn, Esq.